

MARKET CONDUCT EXAMINATION

FARMERS INSURANCE GROUP OF COMPANIES

**Farmers Insurance Company of
Washington
Farmers Insurance Exchange
Mid-Century Insurance Company**

**3303 77TH AVENUE S.E.
MERCER ISLAND, WA 98040-2890**

January 1, 2003 – December 31, 2003

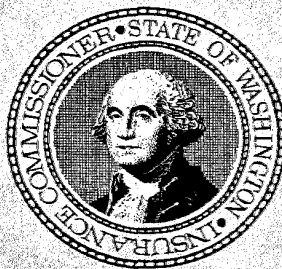


Exhibit A

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The Honorable Mike Kreidler
Washington State Insurance Commissioner
PO Box 40255
Olympia, Washington 98504

Dear Commissioner Kreidler:

Pursuant to your instructions and in compliance with the statutory requirements of RCW 48.03.010 and procedures promulgated by the National Association of Insurance Commissioners (NAIC) and the Office of the Insurance Commissioner (OIC), an examination of the personal lines market conduct affairs has been performed on the following companies:

Farmers Insurance Company of Washington NAIC #21644
Farmers Insurance Exchange NAIC #21652
Mid-Century Insurance Company NAIC #21687

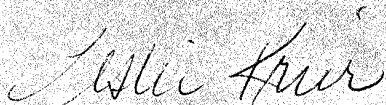
In this report, the above entities are also referred to as the Companies. This examination is respectfully submitted.

CHIEF EXAMINER'S REPORT CERTIFICATION

This examination was conducted in accordance with Office of the Insurance Commissioner and National Association of Insurance Commissioners market conduct examination procedures. Sally Anne Carpenter, AIE, and Shirley M. Merrill of the Washington State Office of the Insurance Commissioner performed this examination and participated in the preparation of this report.

The examiners wish to express appreciation for the courtesy and cooperation extended by the personnel of the Farmers group of companies during the course of this market conduct examination, and particularly acknowledge the efforts of those people who provided daily support to the examiners.

I certify that the foregoing is the report of the examination, that I have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Office of the Insurance Commissioner, and that this report is true and correct to the best of my knowledge and belief.



Leslie A. Krier, AIE, FLMI
Chief Market Conduct Examiner
Office of the Insurance Commissioner
State of Washington

FOREWORD

This examination was completed by applying tests to each examination standard. Each test applied during the examination is stated in this report and the results are reported. Exceptions are noted as part of the comments for the applied test. Throughout the report, where cited, RCW refers to the Revised Code of Washington, and WAC refers to Washington Administrative Code.

Prior Examination Summary

This was a full scope examination of the Companies. The prior examination took place in 1992. Due to the length of time between exams, the prior violations will not be addressed in this report.

SCOPE

Time Frame

The examination covered the Companies' operations from January 1, 2003 through December 31, 2003. The examination was performed in the Companies' regional office in Tigard, Oregon and in the Seattle Office of the Insurance Commissioner.

Matters Examined

The examination included the following areas:

Advertising	Rate and Form Filings
Agent Activities	Cancellations and Non-Renewals
Complaints	Claims Settlement Practices
Underwriting and Rating	

SAMPLING STANDARDS

Methodology

In general, the sample for each test utilized in this examination falls within the following guidelines:

92%	Confidence Level
+/- 5%	Mathematical Tolerance

These are the guidelines prescribed by the National Association of Insurance Commissioners in the Market Conduct Examiners Handbook.

Regulatory Standards

Samples are tested for compliance with standards established by the Office of the Insurance Commissioner. The tests applied to sampled data will result in an error ratio which determines whether or not a standard is met. If the error ratio found in the sample is, generally, less than 5%, the standard will be considered as 'met'. The standard in the area of agent licensing and appointment will not be met if any violation is identified. The standard in the area of filed rates and forms will not be met if any violation is identified. This will also apply when all records are examined, in lieu of a sample.

For those standards which look for the existence of written procedures or a process to be in place, the standard will be met based on the examiner's analysis of those procedures or processes. The analysis will include a determination of whether or not the company follows established procedures.

Standards will be reported as Passed without Comment, Passed with Comment or Failed. The definition of each category follows.

Passed without Comment:	There were no adverse findings for the standard.
Passed with Comment:	The records reviewed fell within the tolerance level for the standard.
Failed:	The records reviewed fell outside of the tolerance level established for the standard.
Not Applicable	The standard is not applicable to this examination.

COMPANY HISTORY AND OPERATIONS

Company Name	Domiciled State	Incorporation Date	Date Admitted to WA
Farmers Insurance Company of Washington NAIC#21644	Washington	07/14/1970	07/28/1970
Farmers Insurance Exchange NAIC #21652	California	03/28/1928	05/11/1931
Mid-Century Insurance Company NAIC #21687	California	02/03/1949	06/16/1953

Farmers Insurance Company of Washington began writing business in October 1970. The Company is completely owned by Fire Insurance Exchange and Truck Insurance Exchange. Richard M. Schriver is the Company's President.

Farmers Insurance Exchange was originally incorporated March 28, 1928 under the name Farmers Automobile Inter-Insurance Exchange. The present name was adopted May 1, 1947. Martin Feinstein is the Company's president.

Mid-Century Insurance Company was originally incorporated in February 1949. The Company is owned by Farmers Insurance Exchange, Truck Insurance Exchange, and Fire Insurance Exchange. Stephen J. Leaman is the Company's president.

All of the Companies are members of the Zurich Financial Services Group.

The Companies wrote the following personal lines of business in Washington during the exam period:

Automobile	Inland marine
Homeowners	Boat
Dwelling fire	Umbrella

The primary underwriting office and claims office is in Tigard, Oregon.

Findings

The following Operations and Management Standards Passed without Comment:

#	OPERATIONS AND MANAGEMENT STANDARD	REFERENCE
1	The company is required to be registered with the OIC prior to acting as an insurance company in the State of Washington.	RCW 48.05.030(1)
2	The company is required to file with the OIC any amendments to the Articles of Incorporation for domestic insurers or insurance holding companies.	RCW 48.07.070

GENERAL EXAMINATION FINDINGS

Findings

The following General Examination Standards Passed without Comment:

#	GENERAL EXAMINATION STANDARD	REFERENCE
1	All requested information was made available to the examiners, and the company otherwise facilitated the examination in a timely manner.	RCW 48.03.030(1)
3	The company maintains full and accurate records and accounts.	RCW 48.05.280
4	The company filed an antifraud plan with the OIC.	RCW 48.30A.045, RCW 48.30A.060

The following General Examination Standard Failed:

#	GENERAL EXAMINATION STANDARD	REFERENCE
2	The company does business in its own legal name.	RCW 48.05.190(1), Bulletin 78-7, Technical Assistance Advisory T 2000-06

General Examination Standard #2:

- Nineteen (19) advertisements did not identify the insuring Company or Companies.
- One (1) complaint file contained a response to the OIC that did not identify the insuring Company.
- Six (6) claim files contained correspondence or forms that did not identify the insuring Company.

See Appendix 1 for details.

Subsequent event: The Companies have agreed to include a notice that identifies those Companies offering the coverage or benefits identified in the advertisement.

ADVERTISING

The Companies' advertising file consisted of 72 brochures, mailings, and the website, www.farmersinsurance.com.

Brochures are distributed to agents for use in promoting the Companies' products or mailed directly to customers. The website contains a brief history of the Companies, information about specific products, on-line bill paying, employment with the Companies and how to find an agent.

The examiners reviewed 72 pieces of advertising used by the Companies during the exam period to determine compliance with the laws governing advertising.

Many of the brochures gave general safety tips, or advice on preventing losses, and were designed to promote name recognition.

Findings

The following Advertising Standards Passed without Comment:

#	ADVERTISING STANDARD	REFERENCE
1	The company's advertising materials do not contain any false, deceptive or misleading representations.	RCW 48.30.040
2	The company does not use quotations or evaluations from rating services or other sources in a manner that appears to be deceptive to the public.	WAC 284-30-660
4	The company referencing its financial condition in advertisements is required to show the actual financial condition as it corresponds with the financial statements published by each company, and must include only those assets actually owned and possessed by each company exclusively.	RCW 48.30.070
5	The company does not advertise the existence of the Washington Insurance Guaranty Association.	RCW 48.30.075
6	The company does not include any statements in its advertising material that would appear to defame the name of other insurers.	RCW 48.30.080
7	The company does not misrepresent the terms of its policies in any form during the advertising and solicitation of its products.	RCW 48.30.090
8	The company does not offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured any rebate, discount, abatement or reduction of premium or any part of these as an inducement to purchase or renew insurance unless specifically exempted from this statute.	RCW 48.30.140 RCW 48.30.150

The following Advertising Standard Failed:

#	ADVERTISING STANDARD	REFERENCE
3	The company must use its full name and include the location of its home office or principle office in all advertisements.	RCW 48.30.050, Bulletin 78-7, Technical Assistance Advisory T 2000-06

Advertising Standard #3:

- Six (6) pieces of advertising did not identify the insurer's location as required.

See Appendix 2 for detail.

AGENT ACTIVITIES

Agent license and appointment records for agents who wrote policies pulled for the underwriting sample were reviewed by the examiners. The examiners also reviewed a sample of records from the list of active agents provided by the Companies. As part of the review, the examiners compared the Companies' agent licensing records with the OIC records to ensure that agents soliciting business for the Companies were licensed and appointed prior to soliciting business on behalf of the Companies as required by Washington law.

Findings

All agents and agencies reviewed by the examiners were licensed and appointed in Washington. There were no findings in this section.

The following Agent Activity Standards Passed without Comment:

#	AGENT ACTIVITY STANDARD	REFERENCE
1	The company must ensure that agents or brokers are licensed for the appropriate line of business with the State of Washington prior to allowing agents to solicit business or represent the company in any way.	RCW 48.17.060(1) and (2)
2	The company must require that agents are appointed to represent the company prior to allowing agents to solicit business on behalf of the company.	RCW 48.17.160(1) and (2)
3	The company must notify the OIC when an agent's appointment is revoked.	RCW 48.17.160(3)
4	The company must give an agency with a written agency contract at least 120 days notice of its intent to terminate the contract.	RCW 48.17.591(2)

COMPLAINTS

The examiners selected 75 complaints from approximately 1,200 claims, underwriting, policy processing, and marketing complaints filed between January 1, 2003 and Feb 28, 2004.

The complaint files were either filed with the OIC or received directly from the customer.

Files were reviewed to determine if the Companies responded to complaints filed with the OIC within time frames stated in its procedures and those required by Washington regulation. Files were reviewed for adverse trends.

The examiners also reviewed the Companies' complaint handling procedures.

Findings

The examiners had no findings in this area.

The following Compliant Standard Passed without Comment:

#	COMPLAINT STANDARD	REFERENCE
1	Response to communication from the OIC must be within 15 business days of receipt of the correspondence. The response must contain the substantial information requested in the original communication.	WAC 284-30-650, WAC 284-30-360(2), Technical Assistance Advisory T 98-4

UNDERWRITING AND RATING

The examiners selected 195 policies from 202,190 policies that were either new or renewed during the examination period.

Files were reviewed to determine if the Companies:

- followed the filed rating plans
- followed the underwriting rules
- were in compliance with Washington laws

The examiners manually rated policies to determine if there were any programmed errors in the Companies' computer system and if the Companies were using the filed and approved rates.

Underwriting and Rating Standards #5 and #6 are applicable to commercial underwriting only and therefore are not applicable to this examination.

Findings

The following Underwriting Standards Passed without Comment:

#	UNDERWRITING STANDARD	REFERENCE
1	Binders issued to temporarily secure coverage during underwriting are valid until the policy is issued or ninety days, whichever is shorter and shall identify the company providing the coverage and effective dates.	RCW 48.18.230(1), WAC 284-30-560
4	During underwriting, the company uses only the personal driving record for personal insurance and only the commercial motor vehicle employment driving record for commercial insurance.	RCW 46.52.130, RCW 48.30.310, Bulletin 79-3, WAC 308-104-145
7	The company may not rely solely on the decision of another insurer's denial, cancellation, or non-renewal of insurance to support a denial or termination of coverage.	WAC 284-30-574

#	UNDERWRITING STANDARD	REFERENCE
8	Binders must identify the insurer which is bound by the form.	WAC 284-30-560(2)(a)

The following Underwriting Standards Passed with Comment:

#	UNDERWRITING STANDARD	REFERENCE
2	The company requires an insured to reject or request lower limits for underinsured motorist (UIM) coverage in writing.	RCW 48.22.030(3) and (4)
3	The company requires an insured to reject Personal Injury Protection (PIP) coverage in writing.	RCW 48.22.085(2)

Underwriting Standard #2:

- The Companies failed to obtain eight (8) signed UIM rejection or reduction of limits forms on eight (8) policies written in three (3) households.

Underwriting Standard #3:

- The Company failed to obtain one (1) signed PIP rejection.

Subsequent event: The Companies took immediate action to add the coverage, or obtain the signed rejection from all policies that were still in force.

RATE AND FORM FILINGS

The examiners selected forms that were attached to the new and renewal policies used in the Underwriting sample for the rate and form filings review. The purpose was to determine if the Companies were complying with the laws regarding the filing and use of rates and forms.

Rate and Form Filings Standards #5 and #7 are applicable to commercial form and rate filings only and therefore are not applicable to this examination.

Findings

The following Rate and Form Filing Standards Passed without Comment:

#	RATE AND FORM STANDARD	REFERENCE
1	Policy forms and applications, where required, have been filed with and approved by the OIC prior to use.	RCW 48.18.100
3	The policy identifies all forms that make up the policy. The policy identifies all coverage limits.	RCW 48.18.140(2)(a) through (f)
4	The policy must contain all endorsements and forms.	RCW 48.18.190
6	Personal Injury Protection forms issued by the company contain coverage definitions and limits that conform to Washington law.	RCW 48.22.095, RCW 48.22.005

The following Rate and Form Filing Standard Failed:

#	RATE AND FORM STANDARD	REFERENCE
2	Where required, the company has filed with the OIC classification manuals, manuals of rules and rates, rating plans, rating schedules, minimum rates, class rates, and rating rules prior to use, and does not issue any policies that are not in accord with the filing in effect.	RCW 48.19.040(1) and (6)

Rate and Form Filing Standard #2:

- Two (2) policies were not rated according to the filed rates and rules resulting in \$64 returned to two (2) insureds.

See Appendix 3 for detail.

CANCELLATIONS AND NON-RENEWALS

The examiners reviewed files to determine if the Companies were in compliance with state laws governing policy cancellation and non-renewal. The examiners selected a sample of 235 policies from a population of 128,416 policies that were either cancelled or non-renewed during the exam period.

Findings

The following Cancellation and Non-renewal Standards Passed without Comment:

#	CANCELLATION & NON-RENEWAL STANDARD	REFERENCE
1	The company does not cancel or refuse to renew policies because the agent is no longer affiliated with the company.	RCW 48.17.591
2	The company sends offers to renew or sends cancellation or non-renewal notices according to the requirements prior to policy termination.	RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292

The following Cancellation and Non-renewal Standard Passed with Comment:

#	CANCELLATION & NON-RENEWAL STANDARD	REFERENCE
3	The company includes the actual reason for canceling, denying or refusing to renew an insurance policy when notifying the insured.	WAC 284-30-570

Cancellation and Non-Renewal Standard #3:

- Ten (10) files had non-renewal or cancellation notices that contained references or coding that the insured would not understand or would require the insured to do additional research to understand the Companies' decision.

See Appendix 4 for details.

CLAIMS SETTLEMENT ACTIVITIES

The examiners reviewed 200 claims of the 96,202 claims that were closed during the exam period. They also reviewed 25 additional claims that contained settlements of first party total losses.

Files were reviewed for:

- Compliance with Washington law
- Timeliness of contact with claimants
- Promptness of payments
- Explanation of applicable coverage
- Procedures for establishing actual cash value of total loss vehicles
- Documentation of claim files

The claims are handled in the regional offices in Kirkland, Washington; Tigard, Oregon; and other satellite locations.

The following error was returned to claims management for review:

- The company failed to refund the deductible after subrogation recovery. \$200 was returned to the policy holder.

Findings:

The following Claims Settlement Standards Passed Without Comment

#	CLAIMS SETTLEMENT STANDARD	REFERENCE
3	The company provides an explanation of all pertinent coverage to first party claimants.	WAC 284-30-350
8	The company complies with the regulation regarding notification of PIP benefits, limitations, termination, or denial of benefits.	WAC 284-30-395(1)
9	The company surrenders titles for total loss vehicles to the Department of Licensing or provides other authorized documentation as required.	RCW 46.12.070, WAC 308-56A-460

The following Claims Settlement Standards Passed With Comment

#	CLAIMS SETTLEMENT STANDARD	REFERENCE
1	The company settles claims in a manner that is not in conflict with any section of the Unfair Claims Settlement Act.	WAC 284-30-330
2	Company claim files contain detailed log notes and work papers that allow reconstruction of the claim file.	WAC 284-30-340

#	CLAIMS SETTLEMENT STANDARD	REFERENCE
4	The company acknowledges receipt of a claim within 10 days, and responds to all communication on a claim file within the time frames prescribed and promptly provides reasonable assistance, forms and instruction to first party claimants.	WAC 284-30-360(1), (3), and (4)
5	The company complies with requirements for prompt investigation of claims.	WAC 284-30-370
6	The company accepts or denies coverage within 15 days after receiving proof of claim.	WAC 284-30-380

Claims Settlement Standard #1:

- One (1) file contained checks that did not include information under what coverage the payment was made as required in WAC 284-30-330(9).

Claims Settlement Standard #2:

- One (1) file did not contain sufficient information to reconstruct the pertinent events or dates of those events from the claim file.

Claims Settlement Standard #4:

- One (1) file did not contain information to show the insurer had provided instruction and reasonable assistance to the insured to help them complete the claim.

Claims Settlement Standard #5:

- One (1) file did not contain enough information to explain why the investigation, including damage determination could not be completed within 30 days.

Claims Settlement Standard #6:

- One (1) file was not paid within the time frames required by WAC 284-30-380.

The following Claims Settlement Standard Failed

#	CLAIMS SETTLEMENT STANDARD	REFERENCE
7	The company settles automobile claims in accordance with standards established for prompt, fair and equitable claim settlements.	WAC 284-30-390, WAC 284-30-3901 through 3916

Claim Settlement Standard #7:

- Four (4) files did not comply with this standard because title transfer fees or pro-rated license fees were not included in the settlement resulting in a total of \$43.25 in additional payments.
- One (1) file contained documents prepared by a vendor to document the local market value of a total loss. The Company allowed the vendor to use vehicles

that were 225 miles from the insured and did not consider the option to use local dealer evaluations.

- One (1) file contained documents prepared by a vendor to evaluate the local market value of a total loss. The company allowed the vendor to include vehicles in Central Point, Oregon, and Claremont and Stockton, California. The examiners instructed the Company to re-evaluate the vehicle based on local market values resulting in an additional payment of \$1795.20 to the insured.
- One (1) file did not contain information about the source of the salvage bid that was used in settling the total loss.

See Appendix 5 for details.

SUMMARY OF STANDARDS

Company Operations and Management:

#	STANDARD	PAGE	PASS	FAIL
1	The company is required to be registered with the OIC prior to acting as an insurance company in the State of Washington. (RCW 48.05.030(1))	7	X	
2	The company is required to file with the OIC any amendments to the Articles of Incorporation for domestic insurers or insurance holding companies. (RCW 48.07.070)	7	X	

General Examination:

#	STANDARD	PAGE	PASS	FAIL
1	All requested information was made available to the examiners, and the company otherwise facilitated the examination in a timely manner. (RCW 48.03.030(1))	8	X	
2	The company does business in its own legal name. (RCW 48.05.190(1), Bulletin 78-7, Technical Assistance Advisory T 2000-06)	8		X
3	The company maintains full and accurate records and accounts. (RCW 48.05.280)	8	X	
4	The company filed an antifraud plan with the OIC. (RCW 48.30A.045 and RCW 48.30A.060)	8	X	

Advertising:

#	STANDARD	PAGE	PASS	FAIL
1	The company's advertising materials do not contain any false, deceptive or misleading representations. (RCW 48.30.040)	9	X	
2	The company does not use quotations or evaluations from rating services or other sources in a manner that appears to be deceptive to the public. (WAC 284-30-660)	9	X	
3	The company must use its full name and include the location of its home office or principle office in all advertisements. (RCW 48.30.050, Bulletin 78-7, Technical Assistance Advisory T 2000-06)	9		X
4	The company referencing its financial condition in advertisements is required to show the actual financial condition as it corresponds with the financial statements published by each company, and must include only those assets actually owned and possessed by each company exclusively. (RCW 48.30.070)	9	X	
5	The company does not advertise the existence of the Washington Insurance Guaranty Association. (RCW	9	X	

#	STANDARD	PAGE	PASS	FAIL
	48.30.075)			
6	The company does not include any statements in its advertising material that would appear to defame the name of other insurers. (RCW 48.30.080)	9	X	
7	The company does not misrepresent the terms of its policies in any form during the advertising and solicitation of its products. (RCW 48.30.090)	9	X	
8	The company does not offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured any rebate, discount, abatement or reduction of premium or any part of these as an inducement to purchase or renew insurance unless specifically exempted from this statute. (RCW 48.30.140, RCW 48.30.150)	9	X	

Agent Activities:

#	STANDARD	PAGE	PASS	FAIL
1	The company must ensure that agents or brokers are licensed for the appropriate line of business with the State of Washington prior to allowing agents to solicit business or represent the company in any way. (RCW 48.17.060(1) and (2))	10	X	
2	The company must require that agents are appointed to represent the company prior to allowing agents to solicit business on behalf of the company. (RCW 48.17.160 (1) and (2))	10	X	
3	The company must notify the OIC when an agent's appointment is revoked. (RCW 48.17.160(3))	10	X	
4	The company must give an agency with a written agency contract at least 120 days notice of its intent to terminate the contract. (RCW 48.17.591(2))	10	X	

Complaints:

#	STANDARD	PAGE	PASS	FAIL
1	Response to communication from the OIC must be within 15 business days of receipt of the correspondence. The response must contain the substantial information requested in the original communication. (WAC 284-30-650, WAC 284-30-360(2), Technical Assistance Advisory T 98-4)	11	X	

Underwriting and Rating:

#	STANDARD	PAGE	PASS	FAIL
1	Binders issued to temporarily secure coverage during underwriting are valid until the policy is issued or ninety days, whichever is shorter and shall identify the company providing the coverage and effective dates. (RCW 48.18.230(1), WAC 284-30-560)	11	X	
2	The company requires an insured to reject or request lower limits for underinsured motorist (UIM) coverage in writing. (RCW 48.22.030(3) and (4))	12	X	
3	The company requires an insured to reject Personal Injury Protection (PIP) coverage in writing. (RCW 48.22.085(2))	12	X	
4	During underwriting, the company uses only the personal driving record for personal insurance and only the commercial motor vehicle employment driving record for commercial insurance. (RCW 46.52.130, RCW 48.30.310, Bulletin 79-3, WAC 308-104-145)	11	X	
5	The company applies schedule rating plans to all policies as applicable in its filing and retains documentation and analysis to support the company's decision. (WAC 284-24-100)		N/A	
6	The company retains all documentation related to the development and use of (a) rates. (WAC 284-24-070)		N/A	
7	The company may not rely solely on the decision of another insurer's denial, cancellation, or non-renewal of insurance to support a denial or termination of coverage. (WAC 284-30-574)	11	X	
8	Binders must identify the insurer which is bound by the form. (WAC 284-30-560(2)(a))	12	X	

Rate and Form Filings:

#	STANDARD	PAGE	PASS	FAIL
1	Policy forms and applications, where required, have been filed with and approved by the OIC prior to use. (RCW 48.18.100)	12	X	
2	Where required, the company has filed with the OIC classification manuals, manuals of rules and rates, rating plans, rating schedules, minimum rates, class rates, and rating rules prior to use, and does not issue any policies that are not in accord with the filing in effect. (RCW 48.19.040 (1) and (6))	13		X
3	The policy identifies all forms that make up the policy. The policy identifies all coverage limits. (RCW 48.18.140(2)(a) through (f))	12	X	
4	The policy must contain all endorsements and forms. (RCW 48.18.190)	12	X	
5	Policy forms for commercial policies are filed within 30 days		N/A	

#	STANDARD	PAGE	PASS	FAIL
	of use. (RCW 48.18.103(2))			
6	Personal Injury Protection forms issued by the company contain coverage definitions and limits that conform to Washington law. (RCW 48.22.095, RCW 48.22.005)	12	X	
7	Rates for commercial policies must be filed within 30 days of use. (RCW 48.19.043(2))		N/A	

Cancellations and Non-Renewals:

#	STANDARD	PAGE	PASS	FAIL
1	The company does not cancel or refuse to renew policies because the agent is no longer affiliated with the company. (RCW 48.17.591)	13	X	
2	The company sends offers to renew or sends cancellation or non-renewal notices according to the requirements prior to policy termination. (RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292)	13	X	
3	The company includes the actual reason for canceling, denying or refusing to renew an insurance policy when notifying the insured. (WAC 284-30-570)	13	X	

Claims:

#	STANDARD	PAGE	PASS	FAIL
1	The company settles claims in a manner that is not in conflict with any section of the Unfair Claims Settlement Act. (WAC 284-30-330)	14	X	
2	Company claim files contain detailed log notes and work papers that allow reconstruction of the claim file. (WAC 284-30-340)	14	X	
3	The company provides an explanation of all pertinent coverage to first party claimants. (WAC 284-30-350)	14	X	
4	The company acknowledges receipt of a claim within 10 days, and responds to all communication on a claim file within the time frames prescribed and promptly provides reasonable assistance, forms and instruction to the first party claimants. (WAC 284-30-360 (1), (3), and (4))	15	X	
5	The company complies with requirements for prompt investigation of claims. (WAC 284-30-370)	15	X	
6	The company accepts or denies coverage within 15 days after receiving proof of claim. (WAC 284-30-380)	15	X	
7	The company settles automobile claims in accordance with standards established for prompt, fair and equitable claim settlements. (WAC 284-30-390)(WAC 284-30-3901-3916)	15		X
8	The company complies with the regulation regarding	14	X	

#	STANDARD	PAGE	PASS	FAIL
	notification of PIP benefits, limitations, termination, or denial of benefits. (WAC 284-30-395)(1)			
9	The company surrenders titles for total loss vehicles to the Department of Licensing or provides other authorized documentation as required. (RCW 46.12.070, WAC 308-56A-460)	14	X	

INSTRUCTIONS AND RECOMMENDATIONS

INSTRUCTIONS

	Instruction	Page
1.	The Companies are instructed to comply with RCW 48.05.190(1), Bulletin 78-7, Technical Assistance Advisory T2000-06 and ensure that the legal name of the Company is clearly identified in correspondence.	8
2.	The Companies are instructed to comply with RCW 48.30.050, Bulletin 78-7, and Technical Assistance Advisory T 2000-06 and ensure the insuring Company or insuring Companies are included on advertising addressing specific products.	9
3.	The Companies are instructed to comply with RCW 48.19.040(6) and rate every policy according to the filing in place.	13
5.	The Companies are instructed to comply with WAC 284-30-390 or WAC 284-30-3901-3916 (effective 10/1/2003)	15

RECOMMENDATIONS

	Instruction
1.	It is recommended that the Companies establish a consistent way of obtaining information from the Department of Licensing to verify the tax and license information on total loss automobiles.

APPENDICES

APPENDIX 1	General Examination Standard #2 The company must conduct its business in its own legal name
Policy number, claim number, or form number and edition date, if any	
33-1089 11-02	Why Farmers Auto is America's first choice
33-0043 07-01	Farmers Auto Insurance More options to save you more money
33-0034 06-01	Farmers Auto Insurance More options to save you more money
33-0242 4-99	Fact or fiction: Floods don't strike twice
33-0226 (11-00)	Protector Plus Homeowner Package
33-0223 (10-02)	Coverage for Landlords
33-0017 (11-00)	Farmers Auto Insurance
33-0052 (7-01)	Townhouse/condo package
33-0016 (3-02)	Homeowners package
33-0241 (9-99)	Farmers Condominium Flood Insurance
33-0247 (10-02)	Farmers Flood Insurance
33-0239 (1-04)	Condominium owners insurance package
33-0249 (3-02)	When is standard flood insurance not enough?
33-0071 (3-98)	We've lowered rates on over 200 models
33-1035 (7-00)	Farmers home and auto coverage
33-3249 (9-00)	Floods destroy more than just walls. Do you have "Contents Coverage"
33-2064 (2-03)	Farmers Renters Package Policy
33-2249 (1-03)	When flood waters rise ...
33-4249 (3-99)	If you think your homeowners policy covers flood ...
602159886 and AP76602	Letter to compliance analyst did not use the correct company name.
1003011023	Replacement Cost Agreement - form does not include Farmers Insurance Company of Washington
1002137224	Letter to insured does not identify the insuring company
1001509868	ISO form sent on loss shows the wrong company
4064735-1-2	Letter to insured does not identify the insuring company
1003548922	Letter to insured does not identify the insuring company
3480546-1-1	Letter to insured does not identify the insuring company

APPENDIX 2	Advertising Examination Standard #3 The company must use its full name and include the location of its home office or principle office in all advertisements.
Form Number and edition date	Title of Brochure or Mailing
33-0242 (4-99)	Fact or fiction: Floods don't strike twice
33-0076 (5-98)	Save! On Homeowners or Renters Insurance
33-0241 (9-99)	Farmers Condominium Flood Insurance
33-3249 (9-00)	Floods destroy more than just walls. Do you have "Contents Coverage"
33-2249 (1-03)	When flood waters rise ...
33-4249 (3-99)	If you think your homeowners policy covers flood ...

APPENDIX 3	Rate and Form Filing Standard #2 The Companies are required to rate every policy according to the filing in affect at the time the policy was issued.
Policy Number	Comment
153556404	Policy was rated incorrectly. \$38.56 was returned to the insured.
153556405	Policy was rated incorrectly. \$25.44 was returned to the insured.

APPENDIX 4	Cancellation and Non-Renewal Examination Standard #3 Notices must be in such detail and in language that the insured will understand so that the insured does not need to do additional research to understand the company's action.
Policy Number	Comments
79161234733	Notice asked for additional information and did not give the reason for the company's action.
916047576	Notice contained references that the insured would not understand.
908641463	Notice does not contain the reason for the cancellation.
904051103	Notice contained references that the insured would not understand.
904203196	Notice contained references that the insured would not understand.
907434328	Notice contained references that the insured would not understand.
921916090	Notice contained coding that did not mean anything to the insured and the insured would not understand.
921379676	Notice contained coding that did not mean anything to the insured and the insured would not understand.
921361790	Notice contained coding that did not mean anything to the insured and the insured would not understand.
916046545	Notice contained references that the insured would not understand.

APPENDIX 5	Claim Settlement Standard #7 The company must settle automobile claims in accordance with standards established for prompt, fair and equitable claim settlements.
Claim Number	Comments
100296592	Transfer fees were not paid. \$11.75 additional to insured.
1002689685	Vehicles selected as comparable in the local market were approx. 225 miles from the insured. The company failed to use the other options in the code to evaluate the vehicle.
102270639	Log notes do not support the source of the salvage bid that was used in the settlement of the total loss.
1002237884	Vehicles selected as comparable in the local market were in Central Point Oregon, Claremont and Stockton California. The insured is in Washington. The company failed to use other options available to establish the value of the total loss. \$1795.20 additional was sent to the insured.
1003548922	Transfer fees were not paid. \$22.50 additional to insured.
1003467986	Pro-rated license fees not paid. \$2.14 to insured.
1003864780	Pro-rated license fees not paid. \$6.86 to insured.